

30 Years of Protecting Ontario's New Home Buyers

CHANGING WITH THE TIMES

30 YEARS OF SERVICE

 **TARION**
PROTECTING ONTARIO'S NEW HOME BUYERS

The year 2006 marks the 30th anniversary of Taron Warranty Corporation. From its beginnings in 1976, the organization has evolved into one of the most comprehensive and respected new home warranty programs in North America. Just as times have changed, Taron has also gone through many changes to meet the needs of its customers – Ontario's new home builders and buyers. Here are some highlights and milestones of the first 30 years:

THE 1970s: In the early 1970s, the Housing and Urban Development Association of Canada (HUDAC) and the Central Mortgage and Housing Corporation (CMHC) investigate creating a national warranty plan for all new homes built in Canada. A proposal for a national plan, fashioned along the lines of Great Britain's highly successful system, is submitted to the federal government. The Ontario Council of HUDAC decides to proceed with its own plan and seeks the cooperation of builders.

1976

- In April, the Ontario Council of HUDAC establishes a voluntary warranty program, followed by the passing in June of the *Ontario New Home Warranties Plan Act*. The HUDAC New Home Warranty Program is to be the administrator of the Act.

1977

- On January 1, 1977, builder registration and new home enrolment become mandatory in Ontario.

1979

- Six Regional Offices are opened in Ottawa, Sudbury, Thunder Bay, Kitchener, Hamilton and Toronto.
- The HUDAC New Home Warranty Program reaches a significant milestone by issuing its 100,000th Warranty Certificate.

THE 1980s: The 1980s begin in recession, which takes a heavy toll on Ontario's new home builders. By mid-decade, however, the economy turns for the better. Sales soar, along with prices, as the housing boom continues well into the late 1980s.

1981

- The Warranty Program records a dramatic drop in builder registrations due to the recession – just 3,500 in 1981, down from 4,600 in 1979. Similarly, the number of enrolments declines to 26,500 in 1981 from 32,600 in 1979.



1984

- The name of the Corporation is changed to the Ontario New Home Warranty Program.

1987

- Protection against basement leaks is extended to two years.

1988

- Delayed closing coverage for freehold homes comes into effect.

1989

- Maximum total warranty coverage for freehold homes and condominium units increases from \$50,000 to \$100,000.
- Three new Regional Offices are opened in Brampton, Newmarket and Whitby, bringing the total to nine. All offices respond to increased housing activity by conducting more random inspections of new builders' projects.
- 'Building Trust Partnerships,' a comprehensive series of customer service workshops for builders, is introduced.
- ONHWP issues its 500,000th warranty certificate and has 8,200 registered builders on its books.

THE 1990s: Like the 1980s, this new decade begins with a decline into recession that leads many new home builders into bankruptcy. Not until 1996, the year after the industry hit rock bottom, does the economy begin to show signs of recovery. The end of the 90s is marked by a noticeable change whereby consumers are becoming more demanding in terms of new home quality and after-sales service.

1990

- The Ernest Assaly Award is introduced to recognize builder excellence in after-sales service.
- A new internal computer system developed for ONHWP, known as HomeWise, is introduced to provide faster, more efficient service to homeowners and builders.

1992

- A builder education program is created to assist new builders by providing technical information and coaching on good construction practices.
- Registration requirements are expanded to take into account builders' skills and construction knowledge.

1993

- The 'Code and Construction Guide for Housing,' based on Ontario Building Code requirements, is developed through a partnership with the Ontario Ministry of Housing.

1994

- A revised builder rating system is introduced to measure individual builder performance.

1996

- In response to the recession, ONHWP makes improvements in its business processes in the areas of risk management, underwriting and claims adjusting.

1997

- ONHWP's website www.newhome.on.ca is developed and launched.

1998

- Research conducted with builders and consumers indicated that both groups are quite unsatisfied with the Warranty Program, and are demanding more timeliness, fairness and certainty in terms of the warranty process.

THE 2000s: A strong economy greets the new millennium, including a robust new home market that continues through 2006. Increasing consumer demands in the areas of construction quality, home readiness and after-sales service are the key driving force for the industry during this period.

2002

2000

- The 'Project Simplify' consultation process begins with the Ontario Home Builders' Association working with ONHWP to develop the Construction Performance Guidelines, a new Builder Arbitration Forum and a set of *Minimum Customer Service Standards*.

2001

- The 25th anniversary of ONHWP is celebrated as the organization issues its one-millionth warranty certificate.
- Consultations with the Ontario Home Builders' Association continue on Project Simplify, with the Ontario government growing increasingly impatient regarding proposed improvements.

- Extensive consumer market research is conducted which clearly indicates that consumer expectations have risen dramatically with respect to new home quality and service. Consumers target both ONHWP and the building industry as failing in their responsibilities to new home buyers.
- A new CEO and management team are recruited to modernize the Corporation, and to operate it as a business organization.

- ONHWP's Board of Directors approves the Project Simplify proposals created in co-operation with the home building industry. They include a set of *Construction Performance Guidelines*, *Minimum Customer Service Standards* that create timelines for builder repair periods, and a new Builder Arbitration Forum which enables builders to appeal a Tarion decision through an independent arbitrator.
- 'Mission Excellence,' an ambitious three-year strategic plan to

- transform the Corporation into a modern, customer-focused business organization is approved by the Board. The key elements of the program involve extensive use of modern technology and automated systems, the adoption of a new brand, and updated employee policies.
- The Corporation enrolls a record 81,104 housing units during the year, representing a 23% increase over 2001, and more than a threefold increase in enrolments since 1995.

2003

- Deposit protection for freehold homes is doubled to \$40,000 from \$20,000, providing enhanced protection for consumers.
- New initiatives are launched to raise consumer awareness about the statutory warranty and the coverage it provides, including a new user-friendly website, together with awareness advertisements appearing in newspapers across Ontario.
- The *Construction Performance Guidelines* are implemented to provide practical

information to consumers and builders on how the Corporation will rule on warranty items in dispute.

- The *Minimum Customer Service Standards* are introduced to Ontario's new homeowners, including a mandatory *Homeowner Information Package* to outline warranty coverage and define information systems, a mandatory Pre-Delivery Inspection, and statutory timelines to ensure that most warranty issues will be repaired or resolved within a specific period of time from a home's date of possession.

- A new Contact Centre is launched creating a single point of contact for all telephone, e-mail, fax and written; inquiries to the Corporation. By year end, this new facility is averaging more than 13,000 inbound telephone calls per month.
- The Board of Directors approves a strategy to replace existing information systems with PeopleSoft, a best-in-class suite of integrated software applications.



2004

- A new corporate name – Tarion Warranty Corporation – and the Tarion brand are launched to symbolize the ongoing transformation of the organization into a modern business organization. The three pillars of the Tarion logo represent builder licensing, buyer and builder education, and warranty enforcement, as well as the three stakeholders in the statutory warranty: consumers, builders and Tarion.
- Regional Offices are closed in Thunder Bay, Sudbury, Newmarket and Brampton, and a modern new Corporate Office and Operations Centre is opened on Yonge Street in Toronto.
- A walk-in storefront Customer Centre also opens in a retail mall setting on Yonge Street in Toronto. Educated staff are on hand to answer questions and provide information to consumers and builders.

- Two new operational departments are created: a Claims Department to manage all homeowner claims using 'best practices' from the property and casualty insurance industry; and a Builder Relations Department to serve as Tarion's face to Ontario's home building industry.
- Warranty coverage for new homes and condominiums with Agreements of Purchase and Sale of September 1st and later is increased by 50 per cent to a maximum of \$150,000.
- The Ernest Assaly Awards are renamed the Tarion Awards of Excellence, recognizing the customer service efforts of 'Builders of the Year' in four categories: Small Volume, Medium Volume, Large Volume and High-Rise.
- Seminars for New Home Buyers are launched to help consumers navigate the new home buying process and to better understand the terms and benefits of the statutory warranty.

2005

- File Review Clinics are introduced across Ontario, giving builders the opportunity to participate in workshop-style meetings with Tarion senior managers to discuss difficult consumer file issues, as well as the statutory warranty processes, forms and claims procedures.
- An Internet-based Builder Portal is launched, providing builders with an electronic tool to access Tarion files for their homeowners in order to help builders improve their customer service capabilities.

2006

- Vision 2010 is launched, Tarion's new five-year strategic plan to add additional services and fulfil the Corporation's statutory mandate: to protect new home buyers, provide services to builders, and to promote understanding and communication between consumers and builders in Ontario.
- Updated Regional Offices are opened: an Eastern Office in Ottawa and a Western Office in London, Ontario.
- Total warranty coverage is increased from \$150,000 to \$300,000 for all purchasers who take possession of a new home on or after July 1, 2006. The increase reflects the robust housing market, the increasing price of new homes in Ontario, and positions Tarion as the market leader in aggregate warranty coverage among warranty programs across Canada.



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